

# STATE OF ARKANSAS

## SALE OF YOUR HOME AR2119 INSTRUCTIONS

### General Instructions

Arkansas has not adopted any provision of the Federal Taxpayer Relief Act of 1997. You must report the sale of your main home on Arkansas Form AR2119. If you replaced your main home within the replacement period, use form AR2119 to postpone paying tax on all or part of the gain. Form AR2119 is also used by people who were age 55 or older on the date of sale to elect a one-time exclusion of the gain on the sale.

### Who Must File

You must file form AR2119 with your Arkansas return for the year in which you sell your main home. You must do this even if the sale resulted in a loss, you are electing the one-time exclusion for people age 55 or older, or you are postponing all or part of the gain.

**Loss on the Sale of Your Home.--** You cannot deduct a loss on the sale of your home. However, you must file form AR2119 to report the sale. Complete lines 1 through 8 of form AR2119 and attach it to your return. If you replace your home, the loss has no effect on the basis of your new home.

### Specific Instructions

**Line 3. Old Home.--** If part of your old main home was rented out or used for business and in the year of sale you were not entitled to deduct expenses for the part that was rented or used for business, report the entire sale on form AR2119.

If you were entitled to deduct expenses in the year of sale for the part that was rented or used for business, treat the sale as two separate sales. Report on Federal form 4797 the part of the sale that applies to the rental or business use. Report on form AR2119 only the part of the sale that represents your main home. You must allocate between form AR2119 and Federal form 4797 the sales price, expenses of sale, and the adjusted basis of the property sold. Attach a statement showing the total selling price of the property and the method used to allocate the amounts between the two forms. You cannot postpone the part of the gain that is reported on Federal form 4797. But you may be able to take the one-time exclusion for people age 55 or older on that part of the gain.

**New Home.--** If part of your new main home is rented out or used for business, enter on line 19b only the part of the total cost of the property that is allocable to your new main home. Attach a statement showing the total cost of the property and the allocation between the part that is your new main home and the part that is rented out or used for business.

**Line 5.** Enter the total expenses you paid to sell your old home. These expenses include commissions, advertising, attorney and legal fees, appraisal fees, title insurance, transfer and stamp taxes, and recording fees. Loan charges, such as points charged to the seller, are also selling expenses. Do not include fixing-up expenses on this line.

**Line 9. Replacement Period.** This is the time period during which you must replace your old main home to postpone any of the gain from its sale. It starts 2 years before and ends 2 years after the date of sale. This period may be longer if you are on active duty in the U.S. Armed forces or if you live and work outside the U.S. **IN ADDITION, YOUR REPLACEMENT HOME MUST BE LOCATED IN THE STATE OF ARKANSAS.**

**Additional Filing Requirement.** If you have not replaced your home but plan to do so within the replacement period, you will also have to complete a second form AR2119 by itself if all three of the following apply:

1. You planned to replace your home within the replacement period.
2. You later replaced your home within the replacement period.
3. Your taxable gain (line 21 on the second form) is zero.

If your taxable gain is zero, no tax is due but you must still file the second form to show that you replaced your home within the replacement period.

**Line 11.** There are certain exceptions for temporary absences, individuals with a disability and if a previous home was destroyed or condemned.

**Line 15.** If you report the gain from the sale of your home on Federal form 6252 using the installment method, first complete the lines on form AR2119 that apply to you. If you completed line 14 or 22 of form AR2119, enter the total of those lines on line 15 of Federal form 6252. Otherwise, enter zero on line 15 of Federal form 6252. Do not enter the gain from form AR2119 on the Arkansas Schedule AR1000DGW.

**Line 16.** Enter the fixing-up expenses you paid to help sell your old home. Fixing-up expenses are decorating and repair costs. However, to qualify, the expenses must be for work done during the 90 day period ending on the day you signed the contract to sell your home and paid no later than 30 days after the date of sale.

Fixing-up expenses do not include amounts paid for capital improvements. Instead, add these amounts to the basis of the property sold. They also do not include selling expenses included on line 5 or amounts that are otherwise deductible.

# Arkansas Sale of Your Home

Name	Social Security Number
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## Part I Gain on Sale

1. Date your former main home was sold (month, day, year) .....	1	/ /
2. Have you bought or built a new main home?.....	2	<input type="checkbox"/> Yes <input type="checkbox"/> No
3. If any part of either main home was ever rented out or used for business, check here <input type="checkbox"/> and see Instructions.		
4. Selling price of home. Do not include personal property items you sold with your home. ....	4	00
5. Expense of sale. <i>(See Instructions)</i> .....	5	00
6. Subtract Line 5 from Line 4. ....	6	00
7. Adjusted basis of home sold.....	7	00
8. Gain on sale. Subtract Line 7 from Line 6. ....	8	00

Is Line 8  
more than  
zero?

Yes →

If Line 2 is "Yes," you must go to Part II or Part III, whichever applies.

No →

If Line 2 is "No," go to Line 9.

Stop and attach this form to your return.

9. If you haven't replaced your home in Arkansas, do you plan to do so within the replacement period? ..... 9 ☐ Yes ☐ No
- If Line 9 is "Yes," stop here, attach this form to your return, and see Additional Filing Requirements. *(See Instructions)*.
  - If Line 9 is "No," you must go to Part II or Part III, whichever applies.

## Part II One-Time Exclusion of Gain for People Age 55 or older

*By completing this part, you are electing to take the one-time exclusion. If you are not electing to take the exclusion, go to Part III now.*

10. Who was age 55 or older on the date of the sale?.....	<input type="checkbox"/> You	<input type="checkbox"/> Your spouse	<input type="checkbox"/> Both of you
11. Did the person who was 55 or older own and use the property as his or her main home for a total of at least 3 years of the 5-year period before the sale? If "No," go to Part III now. ....	<input type="checkbox"/> Yes	<input type="checkbox"/> No	
12. At the time of sale, who owned the home?.....	<input type="checkbox"/> You	<input type="checkbox"/> Your spouse	<input type="checkbox"/> Both of you
13. Social security number of spouse at the time of sale if you had a different spouse from the one on this return. If you were not married at the time of sale, enter "None." .....	13		
14. Exclusion. Enter the smaller of Line 8 or \$125,000 (\$62,500 if married filing separate return). Then, go to Line 15. ....	14	00	

## Part III Adjusted Sales Price, Taxable Gain and Adjusted Basis of New Home

15. If Line 14 is blank, enter the amount from Line 8. Otherwise, subtract Line 14 from Line 8. ....	15	00
<ul style="list-style-type: none"> <li>• If Line 15 is zero, stop and attach this form to your return.</li> <li>• If Line 15 is more than zero and Line 2 is "Yes," go to Line 16 now.</li> <li>• If you are reporting this sale on the installment method. <i>(See Instructions)</i>.</li> <li>• All others, stop and enter the amount from Line 15 on AR1000DGW, col. (g) and (i), Line 4 or Line 12.</li> </ul>		
16. Fixing-up expenses <i>(See Instructions for time limits)</i> .....	16	00
17. If Line 14 is blank, enter amount from Line 16. Otherwise, add Lines 14 and 16. ....	17	00
18. Adjusted sale price. Subtract Line 17 from Line 6. ....	18	00
19a. Date you moved into new home.      /      /	19b. Cost of new home. ....	00
20. Subtract Line 19b from Line 18. If zero or less, enter -0-. ....	20	00
21. Taxable gain. Enter the smaller of Line 15 or Line 20. ....	21	00
<ul style="list-style-type: none"> <li>• If Line 21 is zero, go to Line 22 and attach this form to your return.</li> <li>• If you are reporting this sale on the installment method, see instructions and go to Line 22.</li> <li>• All others, enter the amount from Line 21 on AR1000DGW, col. (g) and (i), Line 4 or Line 12, and go to Line 22.</li> </ul>		
22. Postponed gain. Subtract Line 21 from Line 15. ....	22	00
23. Adjusted basis of new home. Subtract Line 22 from Line 19b. ....	23	00